



Congresswoman Susan A. Davis

Serving California's 53rd Congressional District

The American Recovery and Reinvestment Act

Tax Credits for Homebuyers

Description

The American Recovery and Reinvestment Act offers a credit of up to \$8,000 for first time homebuyers who purchase homes in 2009. The previous first-time homebuyer credit was only \$7,500 and had to be paid back over a period of 15 years. The recovery act eliminates the repayment requirement and extends the credit until December 1, 2009. The credit can be claimed on your 2008 or 2009 tax returns.

Eligibility

For purposes of the credit, you are considered to be a first-time homebuyer if you, and your spouse if you are married, did not own any other main home during the three-year period ending on the date of purchase. This year, qualifying taxpayers who buy a home before Dec. 1, 2009, can claim the credit on either their 2008 or 2009 tax returns. You do not have to repay the credit, provided the home remains your main home for 36 months after the purchase date. The amount of the credit begins to phase out for taxpayers whose adjusted gross income is more than \$75,000, or \$150,000 for joint filers.

The new law does not affect people who purchased a home after April 8, 2008, and on or before Dec. 31, 2008. In addition, the credit for these 2008 purchases must be repaid in 15 equal installments over 15 years.

How to obtain the benefit

File a Form 5405 – First Time Homebuyer Credit, and attach it when you file your Form 1040 for either tax year 2008 or 2009.

Questions or Help

Internal Revenue Service: 1-800-829-1040

Office of Congresswoman Susan Davis: (619) 280-5353